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RUEHGZ/AMCONSUL GUANGZHOU 0165
RUEHHK/AMCONSUL HONG KONG 0466
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RHHMUNA/USPACOM HONOLULU HI
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000289

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SUBJECT: KMT WORKS TO RALLY SUPPORTERS FOLLOWING SURPRISE
DEFEAT IN LEGISLATIVE BY-ELECTION

REF: TAIPEI 280

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

11. (C) Summary: Independent Kang Shih-ju won a narrow upset victory over the KMT's Chen Luan-ying in a by-election in Miaoli County's first legislative district on March 14. The outcome appears to have hinged on local politics and the very thin resume of Chen, who was running as a surrogate for her husband (see reftel). Although a setback for the KMT, the defeat will have virtually no impact on the Legislative Yuan (LY), where the KMT enjoys an overwhelming advantage. The KMT is now trying to generate a sense of crisis among its supporters to ensure victory in the March 28 by-election in Taipei's Da'an district. The DPP, who backed Kang, hopes the upset in Miaoli will boost its supporters' morale. However, the KMT remains heavily favored in Da'an. The Miaoli defeat is likely to increase bickering and competition within the KMT as it prepares to select its next chairman and to nominate candidates for the December 5 city and county elections. End Summary.

12. (SBU) Independent Kang Shih-ju narrowly upset KMT candidate Chen Luan-ying in the Miaoli County first legislative district by-election on Saturday, March 14. Kang,s margin of victory was a slim 51-49 percent (41,688 - 40,099 votes) but nonetheless erased Chen,s hopes to succeed her husband Lee I-ting, who was removed from the seat last December on vote-buying charges (see reftel). Kang carried Jhunan Township where he was mayor by a 3-1 margin and did better than expected in other areas. The election process went smoothly, and Chen conceded defeat just two hours after the polls had closed. The turnout rate, a lower than expected 42 percent, may have been depressed by cold, inclement weather on election day.

13. (SBU) Kang announced he would serve as an independent in the LY and not join either the KMT or DPP caucuses. Although the KMT has lost one seat in the 113-member LY, it will still hold a commanding majority of either 80 or 81 seats, depending on the results of the March 28 Taipei by-election. Despite the limited effects of the Miaoli election, the outcome drew quick reactions from the KMT and DPP. KMT Chairman Wu Poh-hsiung said the party did not campaign hard enough in Miaoli, while Vice Chairman Wu Den-yi blamed the loss on low turnout and Chen,s low popularity ratings. DPP Chair Tsai Ing-wen insisted that her party,s decision to

back Kang rather than fielding its own candidate had proven successful, and she lauded voters for making the "right choice." According to DPP Deputy Secretary General Hung Yao-fu, the voters in Miaoli placed more weight on the capabilities of the candidates than on their political affiliations.

¶4. (SBU) KMT leaders were also quick to call for pan-Blue unity and to rally their supporters for the by-election to fill the LY seat in Taipei vacated by Diane Lee who stepped down over her citizenship controversy. Chairman Wu urged KMT officials to work harder and unite supporters to ensure the party's victory in a race that features three main candidates: the KMT's Chiang Nai-shin, the DPP's Chou Po-ya, and New Party-backed Yao Li-ming. Unlike the KMT candidate in Miaoli, Chiang Nai-shin is an experienced and well-regarded city council member. Yao Li-ming is a wildcard who could siphon off some votes from Chiang, but, with the Miaoli defeat fresh in their minds, Blue voters are likely to "abandon" Yao to "save" Chiang, the stronger Blue candidate in a Blue stronghold district. Pointing to the Miaoli results, the DPP will work to boost turnout by supporters and hope for a split in the Blue vote between Chiang and Yao, which would benefit Chou.

¶5. (C) The Miaoli defeat will increase complaints and competition within the KMT ahead of the selection of the next party chairman and the nomination of candidates to run in the December 5 city and county elections. Some KMT legislators are calling the Miaoli election a sign of public dissatisfaction with the party's performance and a warning

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before the December relections. KMT legislator Wu Yu-sheng urged the party to review carefully the nomination process and campaign strategy for the local elections, while his colleague Lee Chia-chin called on the KMT to nominate highly competitive candidates. This can only add fuel to the already intense contests for nominations in a number of counties and cities. KMT party leaders may also be concerned they could be blamed within the party for mishandling the nomination and election in Miaoli, which in turn might affect the race early this summer for the next party chairman.
YOUNG